

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

H-D U.S.A., LLC,	)	
	)	Case No. 17-cv-04341
Plaintiff,	)	
	)	<b>Judge Thomas M. Durkin</b>
v.	)	
	)	<b>Magistrate Judge Young B. Kim</b>
ZHIYASM2016, et al.,	)	
	)	
Defendants.	)	
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**Declaration of Justin R. Gaudio**

### DECLARATION OF JUSTIN R. GAUDIO

I, Justin R. Gaudio, of the City of Chicago, in the State of Illinois, declare as follows:

1. I am an attorney at law, duly admitted to practice before the Courts of the State of Illinois and the United States District Court for the Northern District of Illinois. I am one of the attorneys for Plaintiff H-D U.S.A., LLC (“Harley-Davidson” or “Plaintiff”). Except as otherwise expressly stated to the contrary, I have personal knowledge of the following facts and, if called as a witness, I could and would competently testify as follows:
2. According to a January 2011 MarkMonitor report entitled “Traffic Report: Online Piracy and Counterfeiting,” the combined traffic to 48 sites selling counterfeit goods was more than 240,000 visits per day on average or more than 87 million visits per year. A 2012 MarkMonitor article entitled “White Paper: Seven Best Practices for Fighting Counterfeit Sales Online” reported that counterfeiters’ illicit online activities will cost legitimate businesses \$135 billion in lost revenue annually. True and correct copies of these reports are attached hereto as **Exhibit 1**.
3. According to an intellectual property rights seizures statistics report issued by Homeland Security, the manufacturer’s suggested retail price (MSRP) of goods seized by the U.S. government in fiscal year 2014 was over \$1.23 billion. A similar report issued by Homeland Security in 2012 further indicated that the Internet has fueled “explosive growth” in the number of small packages of counterfeit goods shipped through the mail and express carriers. True and correct copies of these reports are attached hereto as **Exhibit 2**.
4. A February 2011 report commissioned by Business Action to Stop Counterfeiting and Piracy (BASCAP) entitled “Estimating the Global Economic and Social Impacts of Counterfeiting and Piracy” included findings that counterfeit and pirated products account for an estimated

\$650 billion in losses in international trade, resulting in tens of thousands of lost jobs for legitimate businesses and broader economic losses, including lost tax revenue, of more than \$125 billion every year. This figure is expected to increase each year. A true and correct copy of this report is attached hereto as **Exhibit 3**.

5. In my experience in combating online counterfeiting over the last six years, I have observed counterfeiters using a variety of tactics to evade enforcement efforts. Specifically, counterfeiters like Defendants in the present case will often register new online marketplace accounts under new aliases once they receive notice of a lawsuit.
6. In my experience, once notice of a lawsuit is received, counterfeiters such as Defendants move funds from their PayPal accounts to off-shore bank accounts outside the jurisdiction of this Court. PayPal transaction logs that I have reviewed in previous similar cases indicate that counterfeiters transfer and/or attempt to transfer funds once they have received notice of a lawsuit.
7. For these reasons, in the absence of an *ex parte* Order, Defendants could and likely would modify content and move any assets from accounts in U.S.-based financial institutions, including PayPal accounts, to offshore accounts.
8. Analysis of PayPal transaction logs from previous similar cases indicates that off-shore counterfeiters regularly move funds from U.S.-based PayPal accounts to China-based bank accounts outside the jurisdiction of this Court.
9. **Exhibit 4** attached hereto is a true and correct copy of the unpublished decisions cited in Harley-Davidson's Memorandum in Support of the Motion for a TRO.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on this the 12th day of June 2017 at Chicago, Illinois.

/Justin R. Gaudio/

Justin R. Gaudio  
Counsel for Plaintiff H-D U.S.A., LLC